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1949 OUTLOOK ISSUE
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# THE Wool SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

TWS-7 BAE SEPTEMBER 1948

Approved by the Outlook and Situation Board, October 8, 1948

## SUMMARY

Domestic production of shorn wool in 1949 probably will be somewhat less than the 237 million pounds now estimated for 1948 as some further decline in stock sheep numbers apparently has occurred during 1948. The 1949 clip may be about 225 million pounds which would be the smallest production on record.

Prices of wool in domestic and foreign markets probably will remain at a relatively high level at least through 1949. The Agricultural Act of 1948 assures domestic wool growers of prices during 1949 as high as in 1946, or approximately 42.3 cents per pound, grease basis. However, as prices in foreign markets for the finer grades of staple wools probably will remain above the U. S. support level, growers of such wools may be able to obtain higher prices through direct sale to mills and dealers than through the price support program.

Domestic mill consumption of apparel wool during 1949 may be somewhat less than in 1948. However, consumption of wool of foreign origin may increase slightly as production and stocks of domestic wool are smaller. Owing to the higher replacement costs of foreign wools, stocks, particularly of domestic wools, in the United States are being lowered rapidly. If mill consumption during 1949 is maintained at the level now anticipated, imports of apparel wool are expected to be slightly larger than in 1948.

World consumption of apparel wool during 1948-49 may be at or near the high level of last season, now tentatively estimated at 3.85 billion pounds, grease basis. It may exceed world production, currently estimated at about 2.96 billion pounds, by almost 800 million pounds. The high level of world consumption of choice fine wools has resulted in a marked decline in stocks of such wools. The greater part of current stocks consists of medium crossbred and coarser wools and of "off sorts" of finer wools. Marked shifts in the present consumption towards the prewar pattern will be necessary if this wool is to be disposed of.

STATISTICAL SUMMARY OF DOMESTIC WOOL OUTLOOK

| Item | 1935-39 average | 1940 | 1941 | 1942 | 1943 | 1944 | 1945 | 1946 | 1947 | Preliminary forecast as of Sept. 1948 1/ 1948 | 1949 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Million pounds | Million pounds | Million pounds | Million pounds | Million pounds | Million pounds | Million pounds | Million pounds | Million pounds | Million pounds | Million pounds |
| | | | | | SUPPLIES 2/ | | | | | | |
| Production | | | | | | | | | | | |
| Shorn | 358.5 | 372.0 | 387.5 | 388.3 | 378.8 | 338.3 | 307.9 | 280.5 | 252.8 | 237.3 | 225 |
| Pulled | 65.5 | 62.0 | 65.8 | 66.7 | 65.2 | 73.5 | 70.5 | 61.3 | 57.3 | 52.0 | 47 |
| Total | 424.0 | 434.0 | 453.3 | 455.0 | 444.0 | 411.8 | 378.4 | 341.8 | 310.1 | 289.3 | 272 |
| Reported stocks, Jan. 1 | | | | | | | | | | | |
| Apparel wool | | | | | | | | | | | |
| Privately owned | | | | | | | | | | | |
| Domestic wool | 220.5 | 125.5 | 122.0 | 170.2 | 3/208.8 | 102.5 | 94.5 | 69.4 | 167.0 | 178.5 | 125-225 |
| Foreign wool | 35.9 | 51.7 | 71.8 | 120.3 | 3/157.1 | 205.6 | 229.1 | 279.4 | 256.3 | 193.8 | 100-200 |
| Total | 256.4 | 177.2 | 193.8 | 290.5 | 3/365.9 | 308.1 | 323.6 | 348.8 | 423.3 | 372.3 | 300-400 |
| Government owned | | | | | | | | | | | |
| Domestic (CCC) | | | | | | 182.0 | 311.8 | 449.1 | 469.6 | 333.8 | 50-150 |
| Foreign (DSC) | | | | 157.0 | 308.8 | 325.4 | 113.8 | --- | --- | | |
| Total | | | | 157.0 | 308.8 | 507.4 | 425.6 | 449.1 | 469.6 | 333.8 | 50-150 |
| Total apparel | 256.4 | 177.2 | 193.8 | 447.5 | 3/674.7 | 815.5 | 749.2 | 797.9 | 892.9 | 706.1 | 450-550 |
| Carpet wool | | | | | | | | | | | |
| Foreign only | 46.0 | 38.0 | 35.3 | 55.7 | 3/97.8 | 42.0 | 52.2 | 110.0 | 141.0 | 103.9 | 75-125 |
| Imports for consumption | | | | | | | | | | | |
| Dutiable (apparel) | | | | | | | | | | | |
| Finer than 40's 4/ | 66.7 | 199.2 | 562.1 | 749.3 | 626.3 | 503.9 | 634.1 | 740.5 | 400.2 | 350-410 | 350-450 |
| Donskoi, Smyrna & similar | 8.1 | 5.6 | 7.6 | 13.1 | 8.6 | 5.0 | 2.9 | 2.8 | 1.2 | 1-2 | 1-5 |
| Other not finer than 40's | 15.6 | 17.9 | 35.4 | 32.0 | 14.0 | 38.8 | 38.4 | 68.5 | 37.3 | 25-35 | 25-50 |
| Total 4/ | 90.4 | 222.7 | 605.1 | 794.4 | 648.9 | 547.7 | 675.4 | 811.8 | 438.7 | 375-425 | 375-475 |
| Duty-free (carpet) | | | | | | | | | | | |
| Donskoi, Smyrna & similar | 129.6 | 128.6 | 194.8 | 58.9 | 24.9 | 29.7 | 76.3 | 122.6 | 110.9 | 150-180 | 130-180 |
| Other not finer than 40's | 4.1 | 6.0 | 16.2 | 5.9 | 4.2 | 42.2 | 55.5 | 119.1 | 91.4 | 190-220 | 170-240 |
| Total | 133.7 | 134.6 | 211.0 | 64.8 | 29.1 | 71.9 | 131.8 | 241.7 | 202.3 | 340-380 | 275-375 |
| | | | | | CONSUMPTION | | | | | | |
| Mill consumption (grease basis) | | | | | | | | | | | |
| Apparel wool | | | | | | | | | | | |
| Domestic | 508.6 | 486.8 | 493.9 | 540.6 | 430.5 | 318.6 | 251.8 | 229.2 | 381.8 | 450-500 | 350-450 |
| Foreign 5/ | 83.4 | 154.1 | 483.1 | 536.6 | 631.0 | 690.4 | 761.0 | 821.8 | 599.7 | 440-500 | 400-550 |
| Total apparel 5/ | 592.0 | 640.9 | 977.0 | 1,077.2 | 1,061.5 | 1,009.0 | 1,012.8 | 1,051.0 | 981.5 | 950-1000 | 850-950 |
| Carpet wool | | | | | | | | | | | |
| Foreign only 5/ | 137.4 | 137.5 | 190.1 | 60.9 | 43.7 | 61.2 | 76.1 | 179.7 | 240.6 | 275-305 | 240-300 |
| Fabric production (Million linear yards) | | | | | | | | | | | |
| Men's wear | | | | 277.0 | 256.8 | 217.9 | 204.2 | 228.1 | 218.0 | 215-230 | 200-230 |
| Women's and children's wear | | | | 107.6 | 132.1 | 170.6 | 141.4 | 234.9 | 173.4 | 190-210 | 170-220 |
| Other apparel fabrics | | | | 72.2 | 51.7 | 52.1 | 55.8 | 61.2 | 45.2 | 25-35 | 20-35 |
| Total apparel fabrics | | | | 456.8 | 440.6 | 440.6 | 401.4 | 524.2 | 436.6 | 430-475 | 400-475 |
| Blankets | | | | 64.1 | 89.3 | 78.9 | 80.2 | 48.5 | 31.9 | 15-20 | 13-22 |
| Other nonapparel | | | | 6.9 | 6.6 | 8.3 | 11.8 | 31.0 | 32.4 | 40-45 | 37-43 |
| Total woven fabrics | | | | 527.8 | 536.5 | 527.8 | 493.4 | 603.7 | 500.9 | 485-540 | 450-530 |
| | | | | | PRICES | | | | | | |
| | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents |
| Prices received by farmers 6/ | 23.9 | 28.4 | 35.5 | 40.1 | 41.7 | 42.4 | 41.9 | 42.3 | 42.0 | 44.5 | 44-45 |
| Parity price 7/ | 23.4 | 22.9 | 24.2 | 27.4 | 29.6 | 30.9 | 31.5 | 35.3 | 42.3 | 45-46 | 43-47 |
| Farm as percentage of parity 7/ | 102.0 | 124.0 | 145.0 | 144.0 | 139.0 | 134.0 | 131.0 | 118.0 | 95.0 | 97-100 | 93-105 |
| Boston market price | | | | | | | | | | | |
| Domestic wool 8/ | | | | | | | | | | | |
| Territory (scoured basis) | | | | | | | | | | | |
| 64's, 70's, 80's staple | 84.4 | 96.3 | 108.8 | 119.1 | 117.8 | 119.0 | 117.7 | 102.6 | 121.6 | 139 | 9/165-190 |
| 56's, combing | 71.9 | 79.7 | 91.2 | 102.6 | 104.2 | 104.5 | 103.5 | 91.4 | 107.0 | 106 | 9/110-125 |
| Bright fleece, (grease basis) | | | | | | | | | | | |
| 64's, 70's, 80's, delaine | 33.7 | 38.0 | 43.1 | 46.9 | 46.9 | 47.0 | 47.0 | 41.3 | 50.1 | 56 | 9/65-80 |
| 56's combing | 36.2 | 41.2 | 46.8 | 51.8 | 54.2 | 54.5 | 54.0 | 47.7 | 55.0 | 54 | 9/52-59 |
| Foreign wool excl. duty | | | | | | | | | | | |
| Australian (clean basis) | | | | | | | | | | | |
| 64's, 70's, top making | 58.7 | 61.4 | 69.5 | 75.4 | 75.9 | 72.1 | 75.2 | 76.1 | 102.9 | 171-176 | 155-185 |
| Montevideo (grease basis) | | | | | | | | | | | |
| 60's, 64's, (merinos) | 28.8 | 31.2 | 40.4 | 43.0 | 41.4 | 39.4 | 39.6 | 42.3 | 50.7 | 69-71 | 70-80 |
| 56's (ones) | 30.1 | 32.4 | 38.6 | 42.5 | 41.4 | 40.7 | 42.2 | 43.1 | 49.2 | 64-65 | 65-71 |

Compiled from official sources.
1/ Ranges given for totals are not intended to be sums of ranges for items included in the totals. 2/ Grease basis except imports which are actual weight. 3/ 36's-40's foreign wool excluded from apparel wool and included with carpet wool in 1943 data. 4/ Includes a small amount of carbonized wool which was not reported by class and grade, and excludes wool entered as an act of international courtesy. 5/ For 1935-41 inclusive, Donskoi, Smyrna, and similar wools without merino or English blood are reported as carpet wool and all other wools, both free and dutiable, are reported as apparel wool. Beginning 1942, all duty-free wools are reported as carpet wool and all dutiable wools are reported as apparel wool. 6/ Weighted average, grease basis. 7/ Simple average of monthly data. 8/ CCC selling price. 9/ Open market price.

## DOMESTIC SUPPLY OUTLOOK

### Wool Production in 1949 to be Smaller Than in 1948

A further decline in the domestic production of wool is indicated for 1949. Shorn wool production may total only 225 million pounds. This would be the smallest on record and 42 percent below the wartime record level of 388 million in 1942. Stock sheep numbers are expected to decline again during 1948. The January 1, 1949, inventory may be about 1.5 million head below the 30.5 million head reported on January 1, 1948. These estimates take into consideration a reduction of 8 percent in this year's lamb crop and a relatively large slaughter in relation to inventories taking place during 1948, especially of ewes.

Pulled wool production may approximate 47 million pounds during 1949. This would be about 5 million pounds less than is expected for 1948, the smallest since 1925, and 36 percent below the 1944 peak. Prospects are that sheep and lamb slaughter will be somewhat smaller in 1949 than in 1948. It is expected that about the same proportion of sheep and lamb skins will be diverted to users other than pulleries.

### Prices to Growers in 1949 to be Supported at 1946 Level

Under the provisions of the Agricultural Act of 1948, the price of wool to growers during 1949 will be supported at the 1946 level, approximately 42.3 cents per pound, grease basis. However, as prices in foreign markets for the finer grades of staple wools are expected to remain considerably above the support level, growers of such wools probably will be able to obtain higher prices through direct sale to mills and dealers than through the price support program. Currently, the Commodity Credit Corporation is buying little wool.

Cash receipts to growers from wool are expected to be somewhat less in 1949 than in 1948. Shorn wool production in 1949 probably will be about 6 percent less than in 1948. This decline is expected to more than offset any likely increase in wool prices.

### Imports of Apparel Wool may be Slightly Greater During 1949

Imports of dutiable apparel wool probably will increase slightly during 1949. Because of the higher replacement costs of foreign wools, stocks in the United States, particularly domestic wools, are being reduced rapidly. With domestic production down in 1949, manufacturers probably will have to rely more heavily on foreign wools to maintain mill consumption at the level now anticipated for 1949.

During the first 7 months of 1948, imports of dutiable apparel wool for consumption amounted to 285 million pounds, actual weight basis, about 8 percent below the quantity imported during the same period in 1947.

1949 Carry-in Stocks to be Much Less Than in 1948

A substantial reduction in domestic stocks of apparel wool is taking place during 1948. As a result, 1949 carry-in stocks may be from 150 to 250 million pounds less than on January 1, 1948.

The greater portion of the reduction will occur in government holdings. During the first seven months of this year, Commodity Credit Corporation stocks were reduced about 186 million pounds. A further reduction is expected to occur during the remainder of the year. Stocks of privately-owned wool may be reduced slightly, with the principal reduction probably in private holdings of foreign wool. During the first half of 1948, imports of dutiable apparel wool for consumption were about equal to the quantity consumed. However, due to the sharp rise in prices in foreign markets during the second quarter, a more than seasonal decline in imports probably will take place during the second half of the current year. Consequently, there is likely to be a reduction in domestic stocks of foreign wools in the hands of mills and dealers.

The composition of Commodity Credit Corporation holdings has changed considerably since the beginning of the year. On January 1, 1948, fine and half-blood wools accounted for 49 percent of total CCC holdings. By August 31, however, the proportion had been reduced to 14 percent. As a result of the continued strong demand for fine wool, the Commodity Credit Corporation has been selling large quantities of fine and half-blood wool. Consequently, on August 31, CCC holdings of such wool were only 11.5 percent as large as at the beginning of the year, while stocks of all other wools combined were 68.2 percent of January 1 holdings.

## DOMESTIC DEMAND OUTLOOK

Mill Consumption May Decline in 1949
Use of Foreign Wool May Increase

Mill consumption of apparel wool during 1949 may be 850-950 million pounds, grease basis, depending on employment and consumer income. This would be a reduction of around 10 percent, on a scoured basis, from the present estimate for 1948 of about 1 billion pounds, grease basis. Increased military requirements probably will offset in part an expected decline in civilian demand.

Although mills may consume slightly less apparel wool during 1949, consumption of wool of foreign origin may increase slightly. Normally, about 60 percent of total mill consumption, grease basis, consists of fine and half-blood wools. As a result of the rapid rise in prices of fine wools in foreign markets since early 1947, costs to mills of imported fine wools have been considerably higher than for comparable domestic wools. Thus, a greater proportion of the wool consumed by United States mills has consisted of domestic wool. Supplies of the finer domestic wools are now very limited--Commodity Credit Croporation stocks of good quality wools of grade 60's or finer have been largely depleted. Current production, which is expected to show a further decline during 1949, now constitutes the total available new supply to mills of fine domestic wools.

Commodity Credit Corporation owned stocks of domestic wool by grades, grease basis, December 31, 1946, December 31, 1947, March 31, 1948 and August 31, 1948

| Grade | December 31, 1946 | December 31, 1947 | March 31, 1948 | August 31, 1948 |
|---|---|---|---|---|
| | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds |
| Fine 64's, 70's | 226,043 | 100,457 | 58,926 | 5,411 |
| Fine medium and 1/2 blood 60/64's and 60's | 93,586 | 63,046 | 47,054 | 13,381 |
| 3/8 blood, 58's and 56/58's | 101,389 | 124,714 | 126,612 | 89,273 |
| 1/4 blood, 50's 48's | 23,052 | 29,450 | 27,783 | 18,665 |
| Low 1/4 blood, 46/48's | 3,244 | 3,507 | 3,861 | 3,330 |
| Common and braid 44's, 40's, 36's | 1,628 | 1,296 | 1,544 | 1,087 |
| Other | 20,659 | 11,323 | 9,782 | 3,810 |
| Total | 469,601 | 333,793 | 275,562 | 134,957 |

Compiled from CCC stock reports of the Livestock Branch, Production and Marketing Administration. Scoured wool converted to grease basis by the Bureau of Agricultural Economics.

## Fine Wool Prices at Boston May Remain Relatively High Through First Half of 1949

Prices of fine wool at Boston probably will remain at a relatively high level during the remainder of 1948 and the first half of 1949. Price changes in domestic markets generally follow patterns similar to those established in foreign markets. With the opening of foreign auctions in September, demand for choice fine wools slackened, and in-bond prices for these wools at Boston declined from 5 to 10 percent. A further decline may occur. However, as the season progresses, demand may strengthen and, as supplies of such wools are limited, prices may advance.

Supplies of medium wools are plentiful, and only a moderate demand exists for such wools in this country. Offering prices of medium wools in-bond at Boston may remain at about the present level during 1948-49 as prices of medium wools in foreign markets are expected to change but little during this period. Costs to mills of imported medium wools are now somewhat higher than Commodity Credit Corporation selling prices, and, consequently, CCC sales of such wools have been larger than during the past 2 years.

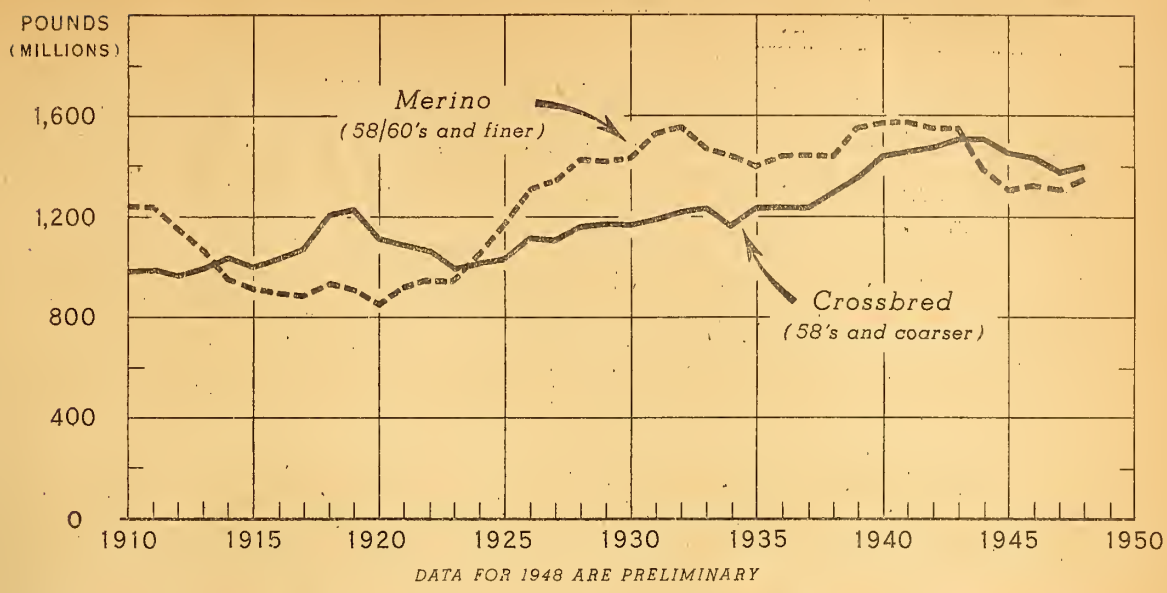
On the basis of prices, the competitive status of wool with respect to rayon has become less favorable compared with 1939. During August, open market prices of domestic fine staple wools were almost twice as high as the 1939 average annual price. Prices of acetate staple fiber and viscose staple fiber, on the other hand, were only 4 percent and 44 percent, respectively, above 1939 levels.

STATISTICAL SUMMARY

| Item | Unit | 1947 May | 1947 June | 1947 July | 1947 Aug. | 1948 May | 1948 June | 1948 July | 1948 Aug. | Last data available as percent of a year earlier |
|---|---|---|---|---|---|---|---|---|---|---|
| **Prices** | | | | | | | | | | |
| Prices received by farmers | Cents | 41.7 | 41.7 | 41.3 | 41.9 | 45.6 | 49.5 | 49.0 | 47.1 | 112 |
| Parity price | Cents | 41.7 | 42.1 | 42.1 | 41.9 | 45.9 | 49.9 | 45.9 | 45.9 | 110 |
| Farm as percent of parity | Percent | 100 | 99 | 98 | 100 | 100 | 100 | 107 | 103 | 103 |
| Boston market price: | | | | | | | | | | |
| Domestic wool 1/ | | | | | | | | | | |
| Territory, scoured basis | | | | | | | | | | |
| 64's, 70's, 80's, staple | Cents | 122.5 | 122.5 | 122.5 | 122.0 | 171.0 | 144.6 | 148.0 | 2/180.0 | |
| 56's, combing | per | 110.5 | 110.5 | 110.5 | 108.5 | 101.0 | 107.4 | 109.0 | 2/116.5 | |
| Bright fleece, grease basis | pound | | | | | | | | | |
| 64's, 70's, 80's, delaine | " | 50.0 | 50.0 | 50.0 | 50.5 | 51.5 | 57.5 | 53.0 | 2/76.5 | |
| 56's, combing | " | 56.5 | 56.5 | 56.5 | 50.5 | 51.0 | [illegible] | 53.6 | 2/56.0 | |
| Foreign wool, excl. duty | | | | | | | | | | |
| Australian, clean basis | | | | | | | | | | |
| 64's, 70's, top making | " | 99.0 | 100.2 | 104.0 | 104.0 | 163.2 | [illegible] | 182.0 | 182.0 | 175 |
| Montevideo, grease basis 3/ | | | | | | | | | | |
| 56's (I's) | " | 47.5 | 47.8 | 49.0 | 50.1 | 62.2 | 68.5 | 74.5 | 74.5 | 149 |
| 50's (II's) | " | 46.5 | 46.6 | 47.2 | 48.2 | 57.0 | 63.2 | 68.0 | 68.0 | 141 |
| Other textile fibers | | | | | | | | | | |
| Cotton, middling 15/16" 4/ | Cents | 36.0 | 37.2 | 37.5 | 34.3 | 37.6 | 37.0 | 34.0 | 31.3 | 91 |
| Rayon staple fiber | per | | | | | | | | | |
| Viscose 1-1/2 denier | pound | 32.0 | 32.0 | 32.0 | 32.0 | 36.0 | 36.0 | 36.0 | 36.0 | 112 |
| Acetate 5 denier | " | 48.0 | 48.0 | 48.0 | 48.0 | 48.0 | 48.0 | 48.0 | 48.0 | 100 |
| **Consumption and Supplies** | | Mar. | Apr. | May | June | Mar. | Apr. | May | June 5/ | |
| Mill consumption | | | | | | | | | | |
| Per week, during month 6/ | | | | | | | | | | |
| Grease basis | | | | | | | | | | |
| Apparel wool, total | 1,000 lb. | 20,793 | 19,307 | 17,581 | 17,476 | 19,882 | 20,690 | 20,117 | 18,818 | 108 |
| Domestic | " | 6,742 | 6,176 | 5,555 | 5,996 | 9,366 | 10,103 | 9,515 | 9,567 | 160 |
| Foreign (duty-paid) | " | 14,041 | 13,131 | 12,026 | 11,480 | 10,516 | 10,587 | 10,602 | 9,251 | 81 |
| Carpet wool (duty-free) | " | 4,753 | 4,500 | 4,724 | 4,528 | 5,643 | 5,915 | 5,937 | 5,510 | 122 |
| Scoured basis | | | | | | | | | | |
| Apparel wool, total | " | 11,431 | 10,594 | 9,603 | 9,466 | 10,336 | 10,658 | 10,405 | 9,620 | 102 |
| Domestic | " | 2,911 | 2,650 | 2,369 | 2,539 | 3,932 | 4,220 | 4,025 | 3,985 | 157 |
| Foreign (duty-paid) | " | 8,520 | 7,944 | 7,234 | 6,927 | 6,404 | 6,438 | 6,380 | 5,637 | 81 |
| Carpet wool (duty-free) | " | 3,419 | 3,199 | 3,417 | 3,298 | 4,053 | 4,256 | 4,243 | 3,974 | 120 |
| Accumulated since Jan. 1 6/ | | | | | | | | | | |
| Grease basis | | | | | | | | | | |
| Apparel wool, total | Mil. lb. | 272.7 | 369.2 | 439.5 | 509.4 | 365.0 | 347.7 | 428.2 | 522.3 | 103 |
| Domestic | " | 88.4 | 119.3 | 141.5 | 165.5 | 130.1 | 170.5 | 209.0 | 256.3 | 155 |
| Foreign (duty-paid) | " | 184.3 | 249.9 | 298.0 | 343.9 | 134.9 | 177.2 | 219.2 | 265.5 | 77 |
| Carpet wool (duty-free) | " | 57.5 | 80.0 | 98.9 | 117.0 | 73.5 | 97.2 | 120.5 | 148.0 | 126 |
| Scoured basis | | | | | | | | | | |
| Apparel wool, total | " | 151.1 | 204.1 | 242.5 | 280.4 | 136.3 | 173.9 | 220.5 | 268.7 | 96 |
| Domestic | " | 38.7 | 52.0 | 61.4 | 71.6 | 54.1 | 70.9 | 87.0 | 107.0 | 149 |
| Foreign (duty-paid) | " | 112.4 | 152.1 | 181.1 | 208.8 | 82.2 | 108.0 | 133.5 | 161.7 | 77 |
| Carpet wool (duty-free) | " | 41.0 | 57.0 | 70.7 | 83.9 | 51.7 | 68.3 | 85.7 | 105.6 | 126 |
| Imports - actual weight 7/ | | | | | | | | | | |
| Apparel wool (duty-paid) | " | 51.8 | 49.0 | 43.6 | 34.6 | 51.1 | 36.4 | 29.2 | 31.2 | 90 |
| Carpet wool (duty-free) | " | 15.4 | 14.0 | 18.3 | 22.9 | 35.2 | 25.7 | 18.9 | 42.7 | 186 |
| Accumulated since Jan. 1 | | | | | | | | | | |
| Apparel wool (duty-paid) | " | 154.3 | 203.3 | 247.4 | 282.0 | 169.5 | 205.9 | 235.2 | 266.4 | 94 |
| Carpet wool (duty-free) | " | 42.8 | 56.8 | 75.1 | 98.0 | 106.0 | 131.7 | 150.6 | 193.3 | 197 |
| Stocks, end of month | | | | | | | | | | |
| Apparel wool, grease basis | | | | | | | | | | |
| CCC stocks | Mil. lb. | 445.2 | 433.2 | 438.9 | 443.8 | 275.6 | 258.8 | 239.7 | 176.8 | 40 |
| Mill and dealer stocks | " | | | | | | | | | |
| Domestic wool | " | 111.1 | | | 169.9 | 177.5 | | | 8/ | |
| Foreign wool | " | 251.0 | | | 207.7 | 207.6 | | | 8/ | |
| Total apparel wool | " | 807.3 | | | 821.4 | 660.7 | | | 8/ | |
| Carpet wool grease basis | " | 129.3 | | | 124.2 | 114.2 | | | 8/ | |
| Wool fabric production | | | | | | | | | | |
| Accumulated since Jan. 1 | | | | | | | | | | |
| Men's wear | Million | 60.6 | | | 113.0 | 58.3 | | | 116.0 | 103 |
| Women's and children's wear | linear | 48.8 | | | 84.3 | 49.4 | | | 97.8 | 116 |
| Other apparel fabrics | yards | 15.9 | | | 26.1 | 8.6 | | | 18.0 | 69 |
| Total apparel fabrics | " | 125.3 | | | 223.4 | 116.3 | | | 231.8 | 104 |
| Blankets | " | 11.0 | | | 18.6 | 5.5 | | | 10.7 | 58 |
| Other nonapparel fabrics | " | 7.7 | | | 16.0 | 10.2 | | | 20.9 | 131 |
| Total woven fabrics | " | 144.0 | | | 258.0 | 132.0 | | | 263.4 | 102 |

Compiled from official sources.
1/ CCC selling price. 2/ Price on the open market beginning August. 3/ New series based on BAE Boston Market Reports, weekly range quotations. 4/ Average at 10 markets. 5/ Preliminary. 6/ The first month of each quarter in 1947 is a 5-week period. The other months are 4-week periods. The last month of each quarter in 1948 is a 5-week period. The other months are 4-week periods. 7/ Imports for consumption. 8/ Stock data will be reported annually in the future, probably at the end of the first quarterly period.

## PRODUCTION OF MERINO AND CROSSBRED WOOL IN 10 PRINCIPAL PRODUCING COUNTRIES, 1910-48




U. S. DEPARTMENT OF AGRICULTURE NEG 46560 BUREAU OF AGRICULTURAL ECONOMICS

Because of competition from other farm enterprises in the United States and drought in Australia and South Africa, world production of fine wool declined sharply between 1943 and 1947. However, world production of medium wool is only slightly below the war-time record production.

Production of both fine and medium wool in 10 principal apparel-wool producing countries in 1948 increased slightly. World wool stocks are large but only a relatively small part of the stocks are good quality fine wools.

Wool, grease basis: Production in specified countries, 1934-38 average, 1943-48

| Country and region | Average 1934-38 | 1943 | 1944 | 1945 | 1946 | 1947 1/ | 1948 1/ |
|---|---|---|---|---|---|---|---|
| | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. |
| Southern Hemisphere | | | | | | | |
| Australia | 995.3 | 1,169.0 | 1,017.5 | 930.0 | 970.0 | 970.0 | 1,040.0 |
| New Zealand | 299.3 | 330.0 | 372.0 | 365.0 | 350.0 | 325.0 | 370.0 |
| British South Africa | 238.6 | 250.0 | 234.0 | 210.0 | 195.0 | 190.0 | 210.0 |
| Total British Dominions | 1,533.2 | 1,749.0 | 1,623.5 | 1,505.0 | 1,515.0 | 1,485.0 | 1,620.0 |
| South America | | | | | | | |
| Argentina | 370.4 | 520.0 | 500.0 | 500.0 | 470.0 | 485.0 | 500.0 |
| Uruguay | 118.0 | 147.9 | 156.6 | 175.2 | 175.7 | 180.0 | 170.0 |
| Brazil | 36.8 | 39.0 | 40.0 | 39.0 | 39.0 | 39.0 | 43.0 |
| Chile | 32.7 | 35.0 | 34.0 | 34.8 | 33.0 | 32.0 | 35.0 |
| Estimated total 2/ | 592.3 | 776.6 | 765.6 | 786.2 | 759.1 | 773.5 | 786.8 |
| North America | | | | | | | |
| United States | 424.6 | 444.0 | 411.8 | 378.4 | 341.2 | 305.3 | 290.0 |
| Canada | 16.4 | 17.8 | 19.3 | 19.6 | 19.0 | 18.0 | 11.3 |
| Europe, excluding Soviet Union | | | | | | | |
| United Kingdom | 108.3 | 90.4 | 86.8 | 86.6 | 90.5 | 75.0 | 70.0 |
| Eire | 17.1 | 15.3 | 15.9 | 16.1 | 14.5 | 13.8 | 12.0 |
| France | 37.9 | 26.9 | 26.0 | 25.0 | 26.5 | 28.6 | 29.3 |
| Spain | 66.6 | 83.5 | 88.0 | 81.5 | 79.0 | 77.0 | 77.2 |
| Portugal | 15.5 | 17.1 | 16.7 | 15.8 | 17.6 | 18.0 | 18.0 |
| Italy | 29.4 | 26.7 | 23.4 | 23.8 | 24.7 | 27.0 | 29.0 |
| Germany | 35.0 | 45.7 | 49.9 | -- | -- | -- | -- |
| Estimated total 2/ | 501.1 | 459.4 | 451.4 | 408.6 | 415.9 | 409.9 | 420.2 |
| Soviet Union | 210.0 | 260.0 | 245.0 | 250.0 | 260.0 | 270.0 | 285.0 |
| North Africa | | | | | | | |
| French North Africa | 67.4 | 74.7 | 73.3 | 72.3 | 59.7 | 54.9 | 48.2 |
| Egypt | 6.9 | 5.7 | -- | -- | -- | -- | -- |
| Asia | | | | | | | |
| Turkey | 55.3 | 62.0 | 67.0 | 70.0 | 64.0 | 44.0 | 61.0 |
| India | 70.6 | 80.0 | 76.0 | 75.0 | 80.0 | 83.0 | 85.0 |
| Iran | 36.2 | 27.5 | 27.7 | 28.7 | 29.5 | 29.0 | 30.0 |
| China | 90.0 | 85.0 | 75.0 | 75.0 | 75.0 | 75.0 | 75.0 |
| Estimated total 2/ | 328.5 | 332.5 | 326.8 | 332.5 | 334.3 | 316.8 | 332.5 |
| Estimated World Total 2/ | 3,700.0 | 4,140.0 | 3,940.0 | 3,780.0 | 3,730.0 | 3,670.0 | 3,830.0 |

1/ Preliminary. 2/ Includes countries not shown in table.
Estimates of the Office of Foreign Agricultural Relations.

## WORLD WOOL OUTLOOK

### World Wool Production to Increase Slightly in 1948-49

World wool production for 1948-49 is currently estimated at 3.8 billion pounds, grease basis, including coarse wool for non-apparel purposes. This is an increase of 100 million pounds or 2.7 percent above the revised estimate for 1947 but 10 percent smaller than the 1941 record of 4.2 billion pounds.

An increase in production is indicated for nearly all continents except North America, where production has been declining for six years due largely to competition from other farm enterprises. Elsewhere in the world, except in a few countries in Europe, pasture and feed conditions for sheep raising and wool production have been generally favorable.

Approximately 2.96 billion pounds or 76 percent of world wool production in 1948-49 will consist of fine and medium wools which are generally classed as apparel wool. The other 900 million pounds will be carpet types.

The higher prices for fine wools during the past season will tend to encourage the expansion of flocks in foreign fine wool producing countries, especially Argentina and Australia. However, a period of several years will be necessary to increase the production of such wool substantially, even with favorable weather conditions. Changes in the production of medium wools in the next few years will be influenced considerably by lamb and mutton as well as wool prices.

### World Wool Consumption During 1948-49 May be Near 1947-48 Level

World consumption of apparel wool during the 1948-49 season may be slightly below the high level of last season. World consumption of apparel wool during 1947-48 is now tentatively estimated at 3.85 billion pounds, grease basis. This was about 300 million pounds greater than during the previous season and between 25 and 30 percent greater than the 1934-38 annual average.

The United Kingdom is continuing its efforts to increase wool textile production for export during 1948-49. The shortage of trained textile workers, however, has been a serious handicap in attempting to meet export goals. Mill consumption is expected to increase as additional labor becomes available. Mill consumption is now at a rate somewhat higher than last year. During the first six months of 1948, imports less reexports were 309 million pounds, actual weight, compared with 185 million pounds during the first half of 1947 and 380 million pounds in January-June 1938.

The extension of credit and loans by the governments of wool exporting countries is aiding greatly in the recovery of the wool industries in Western Europe. In most cases the repayment of credits is linked with the export of manufactured products from the debtor nation. Consumption in Western Europe, outside of Germany, probably will be about the same as in 1948-49. France will make further efforts to increase wool textile production for export.

Plans outlined by Allied authorities for the wool textile industries in Germany and Japan provide for an increase in mill consumption in these two countries. The three Dominion wool producing countries have extended credits to Japan for the purchase of wool in Dominion markets. Combined mill consumption of Japan and Germany totaled about 550 million pounds of apparel wool annually during 1934-38, about one-sixth of the annual average world consumption during that period.

## World Stocks of Apparel Wool to be Reduced During 1948-49

World stocks of apparel wool probably will be reduced 700-800 million pounds during the 1948-49 season. This estimate is based on a forecast of world production of about 2.96 billion pounds, grease basis, and total world consumption of approximately 3.75 billion pounds during the same period. The world carry-over of apparel wool at the beginning of the 1948-49 season is tentatively estimated at 3.55 billion pounds, a reduction of 600-700 million pounds during the previous season. A carry-over of 2.75 billion pounds at the end of the 1948-49 season still would be well above the 1934-38 average. Most of the reduction in stocks is expected to be in government holdings.

Stocks of fine wools are unusually low in relation to total stocks. The greater part of current stocks consists of medium crossbred and coarser wools and of "off sorts" of finer wools. Marked shifts in the present wool consumption pattern will be necessary if this wool is to be disposed of.

## Wool Prices in Foreign Markets May Remain Relatively High in 1948-49

The general level of wool prices probably will remain relatively high during 1948-49.

Demand for fine wools eased somewhat at the opening auctions of the current season in foreign markets. Prices of these wools were reported to be substantially below the record high closing prices of the previous season. Demand probably will strengthen as the season advances. Prices may stabilize at present levels or advance somewhat because of the relatively small world supply of choice fine wools. Offerings of good quality fine wool must come almost entirely from current production in South Africa and Australia, as Joint Organization holdings now contain but a small quantity of such wools.

Prices for medium wools probably will remain near present levels during the 1948-49 marketing season. Supplies of medium wools continue large in relation to demand. Offerings of carry-over wools and of the new clips of the British Dominions are regulated by the Joint Organization. However, prices of the finer crossbreds may advance moderately if mills find it advantageous to shift to a greater use of lower grades and less desirable wools because of their lower prices.

## Joint Organization Sales Continue Large, Stocks Reduced

During the 1947-48 season, the Joint Organization sold approximately 370 million pounds, grease basis, from its stocks of Dominion wools. About 25 percent of total Joint Organization sales were crossbred wools and 75 percent were Australian and South African merino wools. Market prices for the greater part of wool offerings have been considerably above the Joint Organization reserve level. Buying-in in connection with the Joint Organization price support policy was confined to occasional lots, usually of inferior types and odd lots. Total purchases during the season, between 9 and 10 million pounds, constituted only 0.7 percent of new wool production and were 85 percent less than total purchases during the previous season.

On June 30, 1948, Joint Organization stocks amounted to approximately 1.2 billion pounds, grease basis, compared with 1.5 billion pounds a year earlier. Merino, or fine wools, made up less than one-half of the total. Of the merino stocks, only about 15 percent were of good to superior quality, free from burr, or only slightly burry. This is equivalent to 6 percent of total holdings. The remaining merino's are carbonizing wools, carding wools, inferior sorts, or carry heavy burr.

Joint Organization stocks of wool by location, grease basis, June 30, 1948, with comparisons

| Location | June 30, 1946 | June 30, 1947 | June 30, 1948 |
|---|---|---|---|
| | Million pounds | Million pounds | Million pounds |
| Australia | 926 | 884 | 568 |
| New Zealand | 350 | 281 | 179 |
| South Africa | 102 | 67 | 29 |
| United Kingdom | 584 | 298 | 233 |
| Total | 1,962 | 1,530 | 1,029 |

Report of United Kingdom-Dominion Disposals, Ltd., Office of Foreign Agricultural Relations. Data in bales converted to pounds, grease basis.

## Joint Organization Reserve Prices Increased for 1948-49

On August 30, 1948, the Joint Organization (United Kingdom Wool Disposals, Limited) new reserve prices for the 1948-49 season became effective. The average overall increase for Australian wools is approximately 20 percent, over the 1947-48 reserve level. For South African wools, excluding Karakuls, the increase is 18 percent and for New Zealand wools, 4 percent. The amount of the increase takes into consideration the grade, staple, and general quality of the wool. The average reserve prices for coarser wools remained unchanged.

Even with this increase, the support levels for fine staple wools are far below current market prices. Reserve prices for good quality fine combing wools at the close of the 1947-48 season were less than half the market price and for New Zealand crossbreds were about 75 percent of the market price. At present, reserve prices for medium and low crossbred wools are at about the market level.

The Joint Organization took over little wool during the 1947-48 season. Practically all offerings were sold to commercial buyers at prices which were equal to or higher than reserve prices.

## DOMESTIC OUTLOOK FOR CARPET WOOL

Mill consumption of duty-free wools during the first six months of 1948 totaled 148 million pounds, grease basis, 26.5 percent above the amount consumed during the corresponding period in 1947. Consumption for the year probably will be between 275 and 300 million pounds. This would be higher than in any previous year and about double the 1935-39 average. If there is no sharp decline in employment and consumer income during 1949, consumption may continue at only slightly below the present level and may total between 250 and 300 million pounds.

During the first six months of 1948, imports of duty-free wools for consumption totaled 193 million pounds, actual weight basis, a 97 percent increase over 1947. This is somewhat higher than mill consumption. However, due to the high prices in foreign markets, imports may decline somewhat during the rest of the year with a consequent reduction in stocks if the present high level of consumption is maintained. Supplies of wool abroad suitable for carpet are considered to be generally adequate. However, some blending types are in short supply.

## DOMESTIC MOHAIR OUTLOOK

The 1949 outlook for domestic mohair appears less favorable than in 1948. Demand for mohair has declined continuously since early 1947. A shift to substitutes for mohair such as synthetic fibers and cheaper wools has been one of the major factors responsible for the weakening of demand. As a specialty fiber, mohair is subject to periodic market irregularities more pronounced than those for wool and other textile fibers.

During the first half of 1948, consumption on both the worsted and woolen systems was considerably below the 1947 level. Total consumption during this period was at an annual rate of about 11.5 million pounds, grease basis. This compares with actual consumption of 17.9 million pounds during 1947. The mohair market has been extremely dull this season. A large part of the 1947 fall clip and 1948 spring clip remains unsold. Demand for adult hair is very weak.

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Prices for the 1948 Texas fall clip are reported at 58 cents for kid mohair and 38 cents for adult mohair, but marketings are slow. These prices are about 22 and 30 percent lower than reported contracting prices for the 1947 fall clip, and 5 and 7 percent below the 1939 averages.

Domestic mohair supplies have been smaller in 1948 than in 1947. On January 1, stocks on hand totaled 12.6 million pounds, 1.6 million pounds less than a year earlier. Domestic production in 1948 may amount to about 16.5 million pounds, about 11 percent below the 1947 clip of 18.5 million pounds. During the first six months of 1948, imports of 0.1 million pounds were about 75 percent below the quantity imported during the corresponding period in 1947. If there are no marked changes in the rates of consumption and imports during the last half of this year, stocks of mohair on hand January 1, 1949, will be considerably larger than at the beginning of 1948. Domestic supplies of mohair during 1949 probably will be more than adequate, even with an expected decline in production during the coming year. Relatively high prices paid for slaughter goats, some liquidation due to drought in Texas coupled with the drop in mohair price resulted in a three-fold increase in marketings of goats during the first seven months of 1948 over 1947. Prices received by farmers for mohair in 1949 may not differ greatly from those received for the 1948 clip.